

26 August 1963

STAT

[REDACTED]

Concerning the follow-up action referred to in paragraph 4:

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I talked with Bertha today and she said that after they undertook the action they learned that [REDACTED] was doing precisely the same thing for [REDACTED] so Personnel has done nothing further.

The only record in SSA Registry of any correspondence is a memo from Finance Division to SSA-DD/S, dated today, attached to which are copies of memos to all DD/P divisions and staffs from FD concerning delinquent covert tax returns.

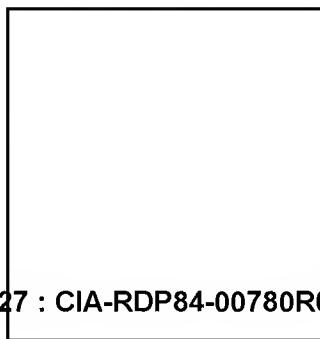
Miriam

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Registry.

Please return to me on
19 July.

I talked with Bertha this
morning and she said answer
would be here by Friday,
originally agreed-upon due
date with RBF.

on.



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SECRET

001563-2052

Per. 8
JUN 1963

MEMORANDUM FOR: Executive Director

SUBJECT : Employee Debts

REFERENCE : Memo fr Ex Dir for D/Sec via DD/S dtd 31 May 63 (ER 63-442), same subject

1. I have discussed referenced memorandum with the Director of Security and the Director of Personnel. We believe this matter is of proper and legitimate concern to the Agency and that the Agency's concern focuses on three principal elements:

a. The pressures which might be exerted upon an individual whose indebtedness reaches desperate proportions;

b. The possibility that collection efforts on the part of creditors may blow the cover of an individual, particularly one serving overseas

c. The need to protect the Agency's reputation for employing persons of maturity, responsibility, and integrity.

2. In our discussions, we have reviewed the procedures and mechanisms now available to identify situations in which an employee's indebtedness may be developing serious proportions or which suggest a pattern of financial management (or mismanagement) which might lead to serious problems. These mechanisms include the following:

a. Credit Union loan applications (which include a listing of debts) and follow-up on delinquent loans;

b. Investigation of debt complaints from creditors (including review by the Special Affairs Staff, Office of Personnel, in chronic cases);

c. Requests for charitable assistance from the Welfare Fund and the Public Service Aid Society;

d. Security investigation;

e. Discussions of personal problems with supervisors or with personnel counselors.

With these several mechanisms in operation, it seems unlikely that an employee with serious debt problems could long escape official notice.

3. Regarding the matter of income tax delinquencies or failure of an employee to file a return, this seems equally well covered with respect to

SECRET

Excluded from automatic
downgrading and
declassification

SUBJECT: Employee Debts

most categories of personnel. The Office of the Comptroller is required to file a W-2 form (or Form 1042) for contract employees of various types with the Internal Revenue Service. In addition, copies of these forms must be sent to tax authorities of the state of residence. With increasing automation in the processing of such reports by IRS and by state jurisdictions, the matching of W-2's with income tax returns is becoming more efficient and policing by these authorities more effective. Moreover, an employee's delinquency in paying federal or state income tax is reported by the tax authority to the employing office. In the case of delinquent federal income tax payments, the Agency is directed to make collection from the employee's salary when collection efforts by IRS have been unsuccessful. State tax authorities cannot direct payment by payroll deduction but they do report delinquencies to us.



(Signed)

L. K. White
Deputy Director
(Support)

Distribution:

- 0 - Addressee (RETURN TO D/PERS)
- 1 - ER
- ✓ 2 - DD/S Chron. Subject
- 2 - D/Pers (1-W/A)

OD/Pers, [] sac (3 July 1963)

Originator:

cc/ Enactt D. Echols

Director of Personnel

5 JUL 1963

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TO:		DATE
Director of Security		3 June 1963
ROOM NO.	BUILDING	
4E60	HQ	
REMARKS:		
(H/w note by LKW)		
Please coordinate with Personnel-- seems to me they probably have the major interest here. When you have done this I would like to discuss problem with you and Dir. Pers. before preparing reply.		
FROM:		
/s/ LKW		
ROOM NO.	BUILDING	EXTENSION

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Resonance

DD/S:LKW:sbo

Distribution:

- 0 - Adse w/0 of DD/S 63-2343
- 1 - DD/S chrono
- ✓ 1 - DD/S subject w/cc of DD/S 63-2343

DD/S 63-2343 - Memo dtd 31 May 63 to D/S via DD/S
fr Ex. Dir., subj: "Employee Debts"

CONFIDENTIAL

63-4472

31 May 1963

MEMORANDUM FOR: Director of Security

VIA : Deputy Director/Support

SUBJECT : Employee Debts

The Inspector General is currently handling one case involving an Agency employee (now contract, formerly staff) who has accumulated a large volume of debts and who has failed to file any Federal income tax returns over several years. It occurs to me that one area in which we could keep some degree of surveillance on this problem would be in both the exit interviews of those going overseas PCS and the returnee interviews conducted by the Office of Security, or, if this is not all inclusive, then perhaps we should establish a system for interviews by Personnel, Security or the Inspector General. Would you check on this matter and let me know your views, please?

(signed) Lyman B. Kirkpatrick

Lyman B. Kirkpatrick
Executive Director

Orig - DISC
VI - DD/S Subj.

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